



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor

Ted Stewart
Executive Director

James W. Carter
Division Director

1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
801-538-5340
801-359-3940 (Fax)
801-538-7223 (TDD)

February 14, 1997

Rick Van Horn
International Uranium (USA) Corporation
c/o Energy Fuels Nuclear, Incorporated
2764 Compass Drive, Suite 239
Grand Junction, Colorado 81506

Re: Formal Approval of Form and Amount of Replacement Reclamation Surety, International Uranium (USA) Corporation, LaSal-Snowball Mine, M/037/026, San Juan County, Utah

Dear Mr. Van Horn:

On January 22, 1997, the Board of Oil, Gas and Mining formally approved the form and amount of replacement reclamation surety for the La Sal-Snowball Mine posted by International Uranium (USA) Corporation ("IUC"). The formal Board Order stating this approval was issued February 13, 1997. The replacement surety is an Irrevocable Standby Letter of Credit (#) issued by Norwest Bank Colorado N.A. for the amount of \$165,900. The replacement surety jointly lists the Division, the Bureau of Land Management, and the U.S. Forest Service. The Division hereby grants final approval of the replacement reclamation surety. Enclosed are copies of the fully signed and executed Reclamation Contract and surety form for your files.

Board and Division approval of the replacement reclamation surety, now allows the Division to officially transfer the permit for the La Sal-Snowball Mine from Umetco Minerals to IUC. The Division will officially release Umetco Minerals from further reclamation responsibilities at this site and return their reclamation surety with a copy of the signed and executed transfer form. A copy of the fully signed and executed transfer form is also enclosed for your files.

Thank you for your help in finalizing these permitting actions. Please call Tony Gallegos at (801) 538-5267 if you have any questions regarding this matter.

Very truly yours,

James W. Carter
Director

jb

Enclosures: MR-RC w/ ILOC, MR-TRL

cc: Sal Venticinque, BLM, Grand RA

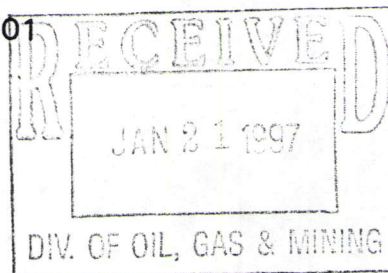
Mark Sommer, USFS, Monticello RD w/encl

m037026.apv

File Number M/037/026

Effective Date Jan 22, 1997

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION of OIL, GAS and MINING
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
(801) 538-5291
Fax: (801) 359-3940



RECLAMATION CONTRACT

---ooOoo---

For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.)
(Mineral Mined)

M/037/026
Uranium - Vanadium

"MINE LOCATION":
(Name of Mine)
(Description)

Lasal - Snowball
From 1/2 mile north to 2 miles east
of the town of Lasal, located in
San Juan County, Utah.

"DISTURBED AREA":
(Disturbed Acres)
(Legal Description)

42
(refer to Attachment "A")

"OPERATOR":
(Company or Name)
(Address)

International Uranium (USA) Corporation
c/o Energy Fuels Nuclear, Inc.
Three Park Central, Suite 900
1515 Arapahoe Street
Denver, CO 80202
303-623-8317

(Phone)

"OPERATOR'S REGISTERED AGENT":

(Name)

(Address)

(Phone)

CT Corporation

50 West Broadway

Salt Lake City, UT 84104

801-364-5101

"OPERATOR'S OFFICER(S)":

Earl E. Hoellen, President

Harold R. Roberts, Exec. Vice Pres.

Rick L. Townley, Vice Pres. - Finance

"SURETY":

(Form of Surety - Attachment B)

Irrevocable Standby Letter of Credit

"SURETY COMPANY":

(Name, Policy or Acct. No.)

Norwest Bank Colorado, National Association

"SURETY AMOUNT":

(Escalated Dollars)

\$165,900.00

"ESCALATION YEAR":

2002

"STATE":

"DIVISION":

"BOARD":

State of Utah

Division of Oil, Gas and Mining

Board of Oil, Gas and Mining

ATTACHMENTS:

A "DISTURBED AREA":

B "SURETY":

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between International Uranium (USA) the "Operator" and the Utah State Board of Oil, Gas and Mining ("Board").^{Corp.}

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. M/037/026 which has been approved by the Utah State Division of Oil, Gas and Mining "Division" under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim that area described as the Disturbed Area as set forth and in accordance with Operator's approved Reclamation Plan, and Operator is obligated to provide surety in form and amount approved by the Board, to assure reclamation of the Disturbed Area.

NOW, THEREFORE, the Board and the Operator agree as follows:

1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the original Notice of Intention dated 6/23/77, and the original Reclamation Plan dated 5/2/79. The Notice of Intention as amended, and the Reclamation Plan, as amended, are incorporated by this reference and made a part hereof.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Board. Such surety as evidenced by the Surety Contract is in the form of the surety attached hereto as Attachment B and made a part hereof. The Surety Contract shall remain in full force and effect according to its terms unless modified by the Board in writing. If the Surety Contract expressly provides for cancellation, then, within 60 days following the Division's receipt of notice that the Surety Company intends to cancel the Surety Contract, the Operator shall provide a replacement Surety Contract in a form and amount reasonably acceptable to the Board. If the Operator fails to provide an acceptable replacement Surety Contract, the Division may order the Operator to cease further mining activities and to begin immediate reclamation of the Disturbed Area.
3. Operator agrees to pay legally determined public liability and property damage claims resulting from mining to the extent provided in Section 40-8-7(1)(e) of the Act.
4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
6. If reclamation of discrete sections of the Disturbed Area is completed to the satisfaction of the Division, and the Division finds that such sections are severable from the remainder of the Disturbed Area, Operator may request the Division to certify that Operator has reclaimed such discrete sections of the Disturbed Area in accordance with the Act and Implementing rules, the Notice of Intention, as

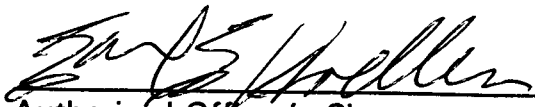
amended and the Reclamation Plan, as amended. If the Division makes such certification, Operator may make request to the (Board) that the aggregate face amount of the Surety Contract provided pursuant to paragraph 2 be reduced to an amount necessary to provide for completion of the remaining reclamation. The (Board) shall hear Operator's request for such reduction in accordance with the Board's Procedural Rules concerning requests for Agency Action.

7. Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
8. Operator may, at any time, submit a request to the Board to substitute surety. The Board, in its sole judgment and discretion, may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
9. This Contract shall be governed and construed in accordance with the laws of the State of Utah.
10. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including reasonable attorney's fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.
11. Any breach that the Division finds to be material of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Board of Oil, Gas and Mining may enter an order to revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety Contract, or take such other action as is authorized by law.
12. In the event of forfeiture of the Surety Contract, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies resulting from forfeiture of the Surety Contract, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
13. This Contract including the Notice of Intention, as amended and the Reclamation Plan, as amended, represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.

14. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

International Uranium (USA) Corporation
Operator Name

By: Earl E. Hoellen, President
Authorized Officer (Typed or Printed)

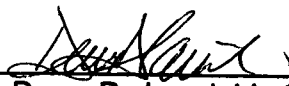

Authorized Officer's Signature

1/14/97
Date

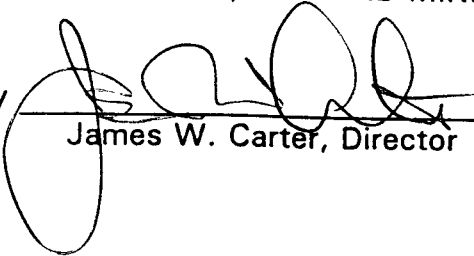
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SO AGREED this 22nd day of January, 1997

AND APPROVED AS TO FORM AND AMOUNT OF SURETY:

BY 
Dave D. Lauriski, Chairman
Utah State Board of Oil, Gas and Mining

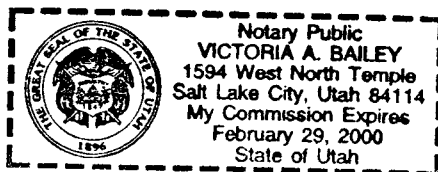
DIVISION OF OIL, GAS AND MINING:

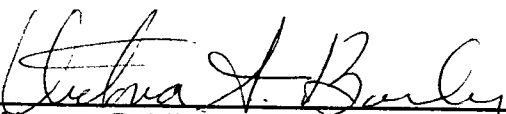
By 
James W. Carter, Director

Jan 22, 1997
Date

STATE OF UTAH)
) ss:
COUNTY OF SALT LAKE)

On the 22nd day of JANUARY, 19 97, personally
appeared before me, who being duly sworn did say that he/~~she~~, the said
JAMES W. CARTER is the Director of the Division of
Oil, Gas and Mining, Department of Natural Resources, State of Utah, and he/she
duly acknowledged to me that he/~~she~~ executed the foregoing document by
authority of law on behalf of the State of Utah.




Notary Public
Residing at: SALT LAKE CITY, UTAH

FEBRUARY 29, 1997
My Commission Expires:

OPERATOR:

International Uranium (USA) Corporation
Operator Name

By Earl E. Hoellen, President
Corporate Officer - Position

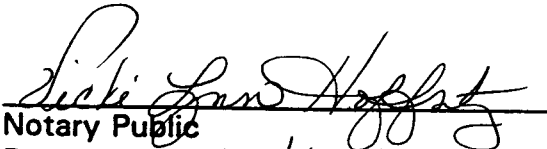
1/16/97
Date


Signature

STATE OF COLORADO)
CITY +) ss:
COUNTY OF DENVER)

On the 16 day of January, 19 97, personally
appeared before me Earl E. Hoellen who
being by me duly sworn did say that he/~~she~~, the said Earl E. Hoellen
is the President of International Uranium (USA) Corporation
and duly acknowledged that said instrument was signed on behalf of said company
by authority of its bylaws or a resolution of its board of directors and said
Earl E. Hoellen duly acknowledged to me that said
company executed the same.

NOTARY PUBLIC
VICKI LYNN HOFFSEITZ
STATE OF COLORADO
My Commission Expires Aug. 12, 1998


Notary Public
Residing at: 8449 Nelson Dr. Arvada CO

8/12/98
My Commission Expires:

ATTACHMENT A

Mine: La Sal-Snowball Mines

Permit No.: M/037/026

Location: San Juan County, Utah

Operator: International Uranium (USA) Corporation
c/o Energy Fuels Nuclear, Inc.
Three Park Central, Suite 900
1515 Arapahoe Street
Denver, CO 80202

Location:

In T 28 S, R 24 E, SLBM:
S 1/2, SE 1/4, Sec 34
S 1/2, S 1/2, Sec 35
S 1/2, S 1/2, Sec 36

In T 28 S, R 25 E, SLBM:
S 1/2, SW 1/4, & SW 1/4, SE 1/4, Sec 31

In T 29 S, R 25 E, SLBM:
NW 1/4, Sec 6

In T 29 S, R 24 E, SLBM:
SW 1/4, NE 1/4, & NW 1/4, & N 1/2, SW 1/4, Sec 1
NE 1/4, NE 1/4, & N 1/2, NW 1/4, Sec 2
N 1/2, NE 1/4, Sec 3

(Note: See Also Attached Map)



NORWEST BANK COLORADO, NATIONAL ASSOCIATION
LETTER OF CREDIT DEPARTMENT
1740 BROADWAY
DENVER, CO 80274-8685
TELEX NUMBER 168118 NBI DVR
SWIFT ADDRESS: NWNBUS55
PHONE: (303) 863-6424, FAX (303) 863-4898

IRREVOCABLE STANDBY LETTER OF CREDIT

OUR REFERENCE NUMBER:
JANUARY 22, 1997

TO: (BENEFICIARY)
UTAH DIVISION OF OIL, GAS AND MINING
FOR ITSELF AND AS AGENT FOR
U.S. DEPARTMENT OF INTERIOR BUREAU OF LAND MANAGEMENT AND
U.S. DEPARTMENT OF AGRICULTURE FOREST SERVICE
1594 WEST NORTH TEMPLE SUITE 1210
PO BOX 145801
SALT LAKE CITY, UTAH 84114-5801

ACCOUNT PARTY:
INTERNATIONAL URANIUM (USA) CORPORATION
1050 17TH STREET SUITE 950
DENVER, CO 80202

NORWEST BANK COLORADO, N.A. OF DENVER, COLORADO HEREBY
ESTABLISHES THIS IRREVOCABLE LETTER OF CREDIT (THE 'LETTER OF
CREDIT') IN FAVOR OF THE UTAH DIVISION OF OIL, GAS AND MINING
FOR ITSELF AND AS AGENT FOR U.S. DEPARTMENT OF INTERIOR BUREAU
OF LAND MANAGEMENT AND U.S. DEPARTMENT OF AGRICULTURE FOREST
SERVICE ('BENEFICIARY') FOR AN AGGREGATE AMOUNT NOT TO EXCEED
USD165,900.00 (RECLAMATION COST ESTIMATE) IN UNITED STATES
DOLLARS ('FACE AMOUNT') EFFECTIVE IMMEDIATELY.

THIS LETTER OF CREDIT WILL EXPIRE AT THE COUNTERS OF
INTERNATIONAL BANKING AT 3:00PM DENVER TIME ON JANUARY 17, 1998.
CANCELLATION OF L/C PRIOR TO EXPIRATION:
THIS LETTER OF CREDIT (AND AMENDMENTS) MUST BE RETURNED TO US
FOR CANCELLATION WITH A STATEMENT PURPORTEDLY SIGNED BY THE
DIRECTOR OR THE DEPUTY DIRECTOR OF THE UTAH DIVISION OF OIL,
GAS AND MINING STATING THAT:
"THIS LETTER OF CREDIT IS NO LONGER REQUIRED BY US AND IS
HEREBY RETURNED TO THE ISSUING BANK FOR CANCELLATION."



THIS LETTER OF CREDIT IS DEEMED AUTOMATICALLY EXTENDED FOR PERIODS OF ONE YEAR FROM THE CURRENT OR ANY FUTURE EXPIRATION DATE UNLESS AT LEAST 90 (NINETY) DAYS PRIOR TO SUCH EXPIRATION DATE NORWEST BANK COLORADO, N.A. NOTIFIES THE BENEFICIARY BY REGISTERED AIRMAIL THAT THE BANK DOES NOT CONSIDER THIS LETTER OF CREDIT RENEWED FOR SUCH ADDITIONAL PERIOD.

FUNDS UNDER THIS LETTER OF CREDIT ARE AVAILABLE AGAINST THE BENEFICIARY'S SIGHT DRAFT DELIVERED TO THE COUNTERS OF THE INTERNATIONAL BANKING DEPARTMENT OF NORWEST BANK COLORADO, N.A. ATTN:INTERNATIONAL BANKING DEPARTMENT, 1740 BROADWAY, DENVER, CO 80274-8685. AT THE BENEFICIARY'S SOLE ELECTION, THE BENEFICAIYR MAY PRESENT SIGHT DRAFTS FOR LESS THAN THE FACE AMOUNT SO LONG AS THE AGGREGATE AMOUNT OF ALL SIGHT DRAFTS DOES NOT EXCEED THE FACE AMOUNT. EACH DRAFT MUST BE ACCOMPANIED BY A CERTIFICATE IN THE FORM OF EXHIBIT A AND EXHIBIT B SIGNED BY A PURPORTED AUTHORIZED REPRESENTATIVE OF THE BENEFICAIYR.

THIS LETTER OF CREDIT IS SUBJECT TO THE UNIFORM COMMERCIAL CODE AS ENACTED BY THE STATE OF COLORADO AND SHALL BE SUBJECT TO THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS (1993 REVISION) INTERNATIONAL CHAMBER OF COMMERCE PUBLICATION NO. 500. IN THE EVENT OF CONFLICT BETWEEN COLORADO LAW AND THE UCP, COLORADO LAW WILL GOVERN.

IF NORWEST BANK COLORADO, N.A. RECEIVES THE SIGHT DRAFT(S), EXHIBIT B, THIS LETTER OF CREDIT AND ANY OTHER DOCUMENTS OR REQUIREMENTS CALLED FOR UNDER THE LETTER OF CREDIT AND THE FOREGOING ARE IN STRICT COMPLIANCE WITH THE TERMS OF THIS LETTER OF CREDIT, NORWEST BANK COLORADO, N.A. WILL MAKE AVAILABLE TO BENEFICIARY THE FUNDS NO LATER THAN THE CLOSE OF BUSINESS, DENVER, COLORADO TIME, ON THE SEVENTH BANKING DAY FOLLOWING RECEIPT OF ALL OF THE FOREGOING.

PARTIAL DRAWINGS ARE PERMITTED.

FOR INFORMATION PURPOSES ONLY:RECLAMATION FOR THE LASAL/SNOWBALL (MINE), M/037/026 (MINE PERMIT NUMBER)

NORWEST BANK COLORADO, NATIONAL ASSOCIATION
BY:

A handwritten signature in cursive script, appearing to read "David R. Steph".

(AUTHORIZED SIGNATURE)

A handwritten signature in cursive script, appearing to read "Lydia D. Stetson".

(AUTHORIZED SIGNATURE)



EXHIBIT A - SIGHT DRAFT
TO LETTER OF CREDIT NUMBER .

DATE

CITY, COUNTY

LETTER OF CREDIT NO.

PAY TO THE ORDER OF: UTAH DIVISION OF OIL, GAS AND MINING,
FOR ITSELF AND ON BEHALF OF AND AGENT FOR U.S. DEPARTMENT OF
INTERIOR BUREAU OF LAND MANAGEMENT AND U.S. DEPARTMENT OF
AGRICULTURE FOREST SERVICE

DOLLARS

O: NORWEST BANK COLORADO, N.A.
INTERNATIONAL BANKING DEPT
1740 BROADWAY
DENVER, CO 80274-8685

UTAH DIVISION OF OIL, GAS
AND MINING FOR ITSELF AND AS
AGENT FOR U.S. DEPARTMENT OF
INTERIOR BUREAU OF LAND
MANAGEMENT AND U.S. DEPARTMENT
OF AGRICULTURE FOREST SERVICE
1594 WEST NORTH TEMPLE SUITE 1210
SALT LAKE CITY, UTAH 84114-5801

BY: _____
SIGNATURE



EXHIBIT B
TO LETTER OF CREDIT NUMBER

I, _____ A PURPORTED AUTHORIZED
REPRESENTATIVE OF THE UTAH DIVISION OF OIL, GAS AND MINING
HEREBY CERTIFY THAT (1) THE DRAWING IN THE AMOUNT OF
USD _____, BY SIGHT DRAFT ACCOMPANYING THIS
CERTIFICATE, UNDER LETTER OF CREDIT NO. _____ DATED
_____ ISSUED BY NORWEST BANK COLORADO, N.A. IS PERMITTED
UNDER THE PROVISION OF THE LETTER OF CREDIT, (2) THE LETTER OF
CREDIT HAS NEITHER EXPIRED NOR TERMINATED PURSUANT TO ITS TERMS,
(3) THE AMOUNT OF THE SIGHT DRAFT, TOGETHER WITH ANY AMOUNTS
PREVIOUSLY DRAWN UNDER THE LETTER OF CREDIT, DOES NOT EXCEED THE
FACE AMOUNT, AND (4) THE UTAH BOARD OF OIL, GAS AND MINING AFTER
NOTICE AND HEARING, HAS ENTERED AN ORDER WHICH HAS NOT BEEN
STAYED, ORDERING FORFEITURE OF THE RECLAMATION CONTRACT
NUMBER _____, IN ACCORDANCE WITH APPLICABLE LAW.
PROCEEDS OF THIS DRAWING WILL BE UTILIZED IN FULL TO PAY THE
EXPENSES RELATING TO THE RECLAMATION LIABILITY FOR THE
LASAL/SNOWBALL(MINE), M/037/026 (MINE PERMIT NUMBER).

THE UTAH DIVISION OF OIL, GAS AND MINING

BY:

SIGNATURE

DATE:
